



DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

[Docket ID OCC-2023-0003]

Request for Information on Annual Consumer Trust in Banking Survey

AGENCY: Office of the Comptroller of the Currency (OCC), Treasury.

ACTION: Request for information and comment.

SUMMARY: The OCC is gathering information and comments to inform the development of an annual survey to understand consumer trust in banking and bank supervision that the agency plans to develop and implement, as discussed in the OCC's Strategic Plan for 2023-2027. The purpose of this request for information (RFI) is to solicit input to maximize the value and use of any survey. Specifically, the RFI seeks comments on the scope of the survey, components and drivers of trust, and ways to track and analyze trust over time.

DATES: Comments must be received on or before [INSERT DATE 120 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Commenters are encouraged to submit comments through the Federal eRulemaking Portal. Please use the title "Consumer Trust in Banking Survey Request for Information" to facilitate the organization and distribution of the comments. You may submit comments by any of the following methods:

- *Federal eRulemaking Portal – Regulations.gov:* Go to <https://www.regulations.gov>. Enter "Docket ID OCC-2023-0003" in the Search Box and click "Search." Public comments can be submitted via the "Comment" box below the displayed document information or by clicking on the document title and then clicking the "Comment" box on the top-left side of the screen. For help with submitting effective comments, please click on "Commenter's Checklist." For assistance with the

Regulations.gov site, please call 1-866-498-2945 (toll free) Monday-Friday, 9am-5pm ET, or e-mail regulationshelpdesk@gsa.gov.

- *Mail:* Chief Counsel's Office, Attention: Comment Processing, Office of the Comptroller of the Currency, 400 7th Street, SW., suite 3E-218, Washington, DC 20219.

- *Hand Delivery/Courier:* 400 7th Street, SW., suite 3E-218, Washington, DC 20219.

Instructions: You must include "OCC" as the agency name and "Docket ID OCC-2023-0003" in your comment. In general, the OCC will enter all comments received into the docket and publish the comments on the Regulations.gov website without change, including any business or personal information provided such as name and address information, e-mail addresses, or phone numbers. Comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Do not include any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

You may review comments and other related materials that pertain to this action by the following method:

- *Viewing Comments Electronically – Regulations.gov:* Go to <https://regulations.gov/>. Enter "Docket ID OCC-2023-0003" in the Search Box and click "Search." Click on the "Documents" tab and then the document's title. After clicking the document's title, click the "Browse Comments" tab. Comments can be viewed and filtered by clicking on the "Sort By" drop-down on the right side of the screen or the "Refine Results" options on the left side of the screen. Supporting materials can be viewed by clicking on the "Documents" tab and filtered by clicking on the "Sort By" drop-down on the right side of the screen or the "Refine Documents Results" options on the left side of the screen. For assistance with the Regulations.gov site, please call 1-866-

498-2945 (toll free) Monday-Friday, 9am-5pm ET, or e-mail

regulationshelpdesk@gsa.gov.

The docket may be viewed after the close of the comment period in the same manner as during the comment period.

FOR FURTHER INFORMATION CONTACT: Chau Do (Deputy Comptroller for Economics and Risk Analysis in Supervision Risk and Analysis), (202) 649-5550. If you are deaf, hard of hearing, or have a speech disability, please dial 7-1-1 to access telecommunications relay services.

SUPPLEMENTARY INFORMATION:

Background Information

The OCC, as the federal regulator for national banks, federal savings associations, and federal branches and agencies of foreign banking organizations (*collectively*, “national banks”), is committed to its mission of ensuring that the institutions it supervises operate in a safe and sound manner, provide fair access to financial services, treat customers fairly, and comply with applicable laws and regulations. While other types of banks have other federal and/or state regulators, the OCC recognizes that an effective supervisory framework across federal and state regulators can support a strong and fair banking system, which enables individuals, communities, and the U.S. economy to thrive. The public’s trust in banks is an important aspect of a thriving and stable banking system. Without trust, banks cannot attract or retain customers, including depositors, or meet the credit needs of the communities they serve.

The safety and soundness of banks can clearly impact consumer’s trust in them. Recent events and the 2008 financial crisis have underscored the importance of trust in banking and the role banks play in economic growth. For instance, following the collapse of Lehman Brothers in 2008, people who lost trust in their bank were more than four times more likely to withdraw deposits from their bank than those who retained full

trust.¹ Furthermore, the effects of lost trust in banks can be long lasting. Research suggests that in circumstances where there were bank runs, the aggregate level of deposits may not return to pre-crisis levels.² Such effects have implications for banks' asset portfolios and loans and availability of credit to borrowers.

The fairness of banks' products and services and banks' compliance with laws and regulations can also impact consumers' trust in banks. Discrimination on a prohibited basis, deceptive or unfair practices, and fraud are examples of practices that erode trust in banking. They may reflect weak controls and can suggest a disproportionate prioritization of profits over consumers or an indifference to certain groups and communities.

Changes in trust in banks can also affect banks' earnings, funding costs, business models, and safety and soundness. The reciprocal nature of the relationship between trust and safety and soundness should make consumer trust a key variable of interest to bank regulators. Moreover, trust in banks can also impact financial inclusion³ and financial stability.⁴

For these reasons, as part of the OCC's efforts to safeguard the public's trust in the federal banking system and contribute to a federal banking system that is safe, sound, and fair, the OCC is developing an annual consumer trust in banking survey with the

¹ Guiso, L. (2010) "A trust-driven financial crisis. Implications for the future of financial markets." *Einaudi Institute for Economic and Finance Working Paper Series 1006*, available at: <http://ideas.repec.org/p/eie/wpaper/1006.html>.

² Iyer, R., & Puri, M. (2012). "Understanding Bank Runs: The Importance of Depositor-Bank Relationships and Networks," *The American Economic Review*, 102(4): 1414–1445, available at: <http://www.jstor.org/stable/23245460>.

³ See for example, Xu, X. (2020) "Trust and financial inclusion: A cross-country study." *Finance Research Letters*, 35, available at: <https://www.sciencedirect.com/science/article/pii/S1544612319303915>, and Allen, F., Demircuc-Kunt, A., Klapper, L., and Peria, M.S.M., (2016) "The foundations of financial inclusion: Understanding ownership and use of formal accounts." *Journal of Financial Intermediation*, 27: 1-30, available at: <https://www.sciencedirect.com/science/article/pii/S1042957315000534>.

⁴ See for example, Chernykh L., Davydov D., and Sihvonen J., (2019). "Financial Stability and Public Confidence in Banks." *BOFIT Discussion Paper No. 2/2019*, available at: <https://ssrn.com/abstract=3339743> or <http://dx.doi.org/10.2139/ssrn.3339743>, and Miao J., Wang, P. (2015) "Banking bubbles and financial crises." *Journal of Economic Theory*, 157: 763-792, available at: <https://www.sciencedirect.com/science/article/pii/S002205311500037X>.

goals of understanding, measuring, and tracking the consumer trust in banking and bank supervision over time. By surveying the public, the OCC could identify area(s) where trust can be further enhanced. The results of the proposed survey may complement existing sources of public and supervisory information and provide additional insight into the many aspects that are important to consider in working to maintain and enhance consumer trust in banking and bank supervision. The OCC could publish the main results of the annual survey in an OCC report to inform policymakers, bankers, and researchers about the trends and drivers of consumer trust in banking and bank supervision. Other more detailed reports on specific trust topics may also be produced.

Request for Comment

In this RFI, the OCC is inviting interested members of the public, including financial industry participants, other government agencies, academic and research organizations, consumer advocacy and financial education organizations, trade associations, and financial services customers to comment on the possible scope of the survey, components and drivers of trust, and ways to track and analyze trust over time.

Scope of Survey

Trust survey questions have generally been limited to assessing customers' sentiment toward financial institutions or their level of trust in the financial institution with which they have an account. However, trust in financial institutions may differ based on customers' experiences with the financial product sought or used (*e.g.*, credit card, mortgage, demand deposit account) or with the type of financial service providers (*e.g.*, federally chartered depository institutions, state-chartered depository institutions, credit unions, non-banks).

Question 1: Are there certain segments of the U.S. population (*e.g.*, geographic, unbanked, underbanked, demographic groups) that should be targeted for inclusion to ensure survey participation is sufficiently high to make generalized statements about

those groups? Are there specific types of questions that should be included for any such targeted group?

Question 2: What are some of the key considerations in determining whether the survey should focus solely on groups of potential bank customers that have not been the subject of previous surveys, such as (1) those who use wealth or asset management services or private banking services; (2) those who regularly use overdraft products, small dollar unsecured loans, remittances services, or low-cost deposit accounts; or (3) small business owners? For example, what are the benefits or drawbacks of focusing on segments of customers, and are there certain types of questions that should be included in order to maximize those benefits?

Question 3: Alternatively, what are some key considerations in determining whether the survey respondents should be expansive to reflect the general population? For example, what are the benefits or drawbacks of surveying individuals, not limited to bank customers or potential bank customers, and are there certain types of questions that should be included in order to maximize those benefits?

Question 4: What are some of the key considerations in determining whether the survey should include questions related to customers' use of specific types of financial products or services such as mortgage loans, credit cards, or overdrafts?

Question 5: What are the key considerations in asking respondents to distinguish between different financial institutions (*i.e.*, federally chartered depository institutions, state-chartered depository institutions, credit unions, non-banks) providing financial services in terms of their experience, perceptions, or trust?

Question 6: To what extent should the OCC consider conducting a survey focused solely on federally chartered depository institutions?

Question 7: To what extent should the OCC consider conducting a survey focused more broadly on banks (*i.e.*, bank holding companies and federally chartered and state-

chartered depository institutions)?

Question 8: To what extent should the OCC consider conducting a survey focused more broadly on banks and non-banks (e.g., fintech firms) that provide financial services or products?

Components of Trust

Admittedly, consumer trust in the banking system is hard to explicitly define since the public may have various issues in mind when asked about their level of trust in financial institutions. Although there is no clear consensus on all of the components of trust, research⁵ has generally found that the following components influence a customer's level of trust in a financial institution: competency, goodwill, integrity, and transparency.

- Competency can refer to the ability of the financial institution to: (1) consistently provide financial services and relevant information to assist customers with their decisions, (2) promptly address problems and complaints, and (3) safeguard customer information appropriately.⁶
- Goodwill can refer to the financial institution's responsiveness and empathy for the customer's needs and welfare.⁷

⁵ See for example, Kidron, A. and Kreis, Y. (2020), "Listening to bank customers: the meaning of trust." *International Journal of Quality and Service Sciences*, 12(3): 355-370, available at <https://doi.org/10.1108/IJQSS-10-2019-0120>; Ennew, C.T. and Sekhon, H. (2007), "Measuring trust in financial services: the Trust Index." *Consumer Policy Review*, 17(2): 62-68, available at https://www.researchgate.net/publication/285769675_Measuring_trust_in_financial_services_the_Trust_Index; and Roy, S.K. and Shekhar, V. (2010), "Dimensional hierarchy of trustworthiness of financial service providers." *International Journal of Bank Marketing*, 28(1): 47-64, available at: <https://doi.org/10.1108/02652321011013580>.

⁶ Kidron, A. and Kreis, Y. (2020), "Listening to bank customers: the meaning of trust." *International Journal of Quality and Service Sciences*, 12(3): 355-370, available at: <https://doi.org/10.1108/IJQSS-10-2019-0120>.

⁷ Yu, P.L., Balaji, M.S. and Khong, K.W. (2015), "Building trust in internet banking: a trustworthiness perspective." *Industrial Management and Data Systems*, 115(2): 235-252, available at: <https://doi.org/10.1108/IMDS-09-2014-0262>.

- Integrity can refer to whether the financial institution treats customers in a fair and equal way and the financial institution does not defraud consumers or misuse their private information.⁸
- Transparency can refer to whether the financial institution provides clear communication and the disclosure of the relevant information to enable customers' understanding of the benefits and costs associated with a financial product or service.⁹

Question 9: Are the definitions above of the components of trust useful and appropriate? If not, what modifications should be considered?

Question 10: Are the components of trust comprehensive? If not, what additional components should be considered?

Question 11: Are some components of trust superfluous? Which ones are not necessary?

Question 12: How important is it to differentiate among the components of trust?

Question 13: Does the relative importance differ depending on the type or size of the financial institution or the financial services or products customers use, or the specific segment of the population?

Measuring and Tracking Trust

Surveys may be designed to either *directly* measure trust (*e.g.*, rank level of trust from 1-5) or *indirectly*, by inferring trust from reported behaviors (*e.g.*, closing a bank account, switching financial institutions). Additionally, in measuring trust in financial institutions, it may be important to distinguish between broad scope trust (system-level trust in financial institutions) and narrow scope trust (trust in one's own financial institution) and identify the various drivers that influence the public's level of trust.

⁸ van Esterik-Plasmeijer, P.W.J. and van Raaij, W.F. (2017), "Banking system trust, bank trust, and bank loyalty." *International Journal of Bank Marketing*, 35(1): 97-111, available at: <https://doi.org/10.1108/IJBM-12-2015-0195>.

⁹ Roy, S.K. and Shekhar, V. (2010), "Dimensional hierarchy of trustworthiness of financial service providers." *International Journal of Bank Marketing*, 28(1): 47-64, available at: <https://doi.org/10.1108/02652321011013580>.

Research¹⁰ suggests there are four important drivers that may affect customers' trust in financial institutions: (1) economic factors (*e.g.*, unemployment rate, financial crisis), (2) direct personal experience, (*e.g.*, quality of financial services delivered), (3) customers' personal characteristics (*e.g.*, financial literacy, demographic characteristics, economic and political views), and (4) government oversight and policy measures (*e.g.*, financial regulators, laws, government).

Question 14: What are some of the key considerations in determining whether the survey should include questions aimed to measure and monitor trust in financial institutions (*i.e.*, system-level), and/or questions focused on customers' level of trust in the financial institution with which they have an account?

Question 15: To what extent should trust survey measurements be based on direct and/or indirect measures (as described above)?

Question 16: Do the drivers of trust listed above comprehensively identify key factors in measuring and tracking trust in financial institutions over time? If not, what other drivers could be used?

Question 17: How important is understanding the drivers of trust in developing a trust measurement for financial institutions?

Question 18: What are some of the key factors to consider in developing survey questions that capture how personal characteristics influence trust in financial institutions?

Question 19: What are some of the key factors to consider in creating survey questions to capture how trust in bank regulators influence customers' trust in banks?

Question 20: What are some of the key factors to consider in creating survey questions to capture how trust in the government influence customers' trust in financial

¹⁰ See, for example: van der Crujssen, C., de Haan, J., and Roerink, R. (2020), "Trust in Financial Institutions: A Survey." *De Nederlandsche Bank Working Paper No. 693*, available at: <http://dx.doi.org/10.2139/ssrn.3677835>.

institutions?

Question 21: What are the key advantages and disadvantages of having a single banking regulator conducting the survey? To what extent should the OCC consider alternative approaches, such as conducting a joint survey with one or more other federal bank regulators?

(Authority: 12 U.S.C. 1)

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